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May 19, 2004

Jeff S. Jordan
Supervisory Attorney
Complaints Examination and Legal Administration
Federal Election Commission
999 E Street
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
2004 MAY 24 A 11:02

Re: MUR 5446

Dear Mr. Jordan:

I represent Phil Prange to whom you wrote regarding the above matter on May 3, 2004. Your letter, while designating Mr. Prange, attaches a Complaint, dated April 19, 2004, of the Democratic Party of Wisconsin signed by Kim Warkentin, Executive Director. That Complaint, however, was not against Mr. Prange or Gateway Ventures with which Mr. Prange is associated. That portion of the Complaint which addresses Gateway Ventures (page 3) does not offer any evidence, whatsoever, of any violation of federal law by State Senator Welch's campaign's payment of monies to Gateway Ventures. Rather, it states:

"That the fees paid to Gateway are obviously excessive for any work that might have been done for his State Senate campaign. . ."

The Complaint continues without evidence but, rather, with a postulate:

"If the statement that the payments to Gateway were for services rendered between September 2002 and June 2003 is determined to be false, that would strongly suggest that Sen. Welch was aware that he could not pay for Gateway's services to his federal campaign with nonfederal campaign funds and therefore knowingly violated the law."

The Complaint of the Democratic Party of Wisconsin appears to be one directed at Senator Welch, and not at Gateway or Mr. Prange. Moreover, it is entirely speculative. There is nothing "obviously excessive" about fees paid to Gateway, other than the Democratic Party of Wisconsin's assertion that such is obvious. Nor does the Democratic Party of Wisconsin allege

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that the payments made to Gateway were "false." The Democratic Party of Wisconsin simply states that "if" the payments were "determined to be false," then something would be amiss.

There ought be some threshold showing of wrongful conduct with respect to Mr. Prange or Gateway before the Federal Election Commission permits itself to be used in such a manner; else the Commission will spend its time investigating every farfetched, wholly unsupported postulate raised by political opponents.

Nonetheless, Mr. Prange will respond.

Gateway Ventures was asked to perform fund-raising development and political consulting services for Citizens for Welch, State Senator Welch's state campaign committee. This was memorialized in an agreement between the two dated September 1, 2002, a copy of which is attached.¹ The contract called for payment by Citizens for Welch to Gateway in the sum of \$30,000.00 in monthly installments of \$2,500.00.

Gateway commenced its work and, subsequently, monthly invoices were mailed to Citizens for Welch by Gateway, pursuant to the contract. However, Citizens for Welch did not timely pay these invoices; and, as of July, 2003, had paid none.

Near the end of July, 2003, Senator Welch discussed with Phil Prange Gateway Ventures, Inc. performing fund-raising and consulting services for his United States Senate campaign. Mr. Prange told him that he would not do so unless Gateway Ventures, Inc. was paid in full for its services to his state campaign. Thus, on or about July 14, 2003, Gateway Ventures received a check in the amount of \$4,429.07 for reimbursement of their expenses.² On July 24, 2003, Gateway Ventures received payment in the amount of \$29,000.00 for its services under the contract.

¹ Gateway Ventures cannot locate a signed copy of this agreement. It does not know whether the signed copy was misplaced or whether one was never returned by Citizens for Welch. Nonetheless, Gateway proceeded under the terms of the contract.

² The contract, at paragraph 4, calls for the reimbursement of expenses.

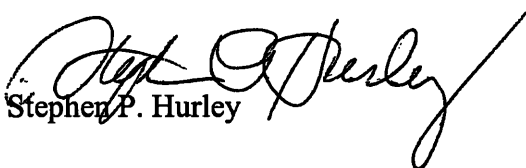
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An additional \$9,000.00 payment was made on or about August 29, 2003. This payment was for the use of donor lists supplied to Citizens for Welch by Gateway Ventures, Inc. A review of the campaign finance report attached to the Complaint in this matter shows that this payment was reported as having been made to the Republican Party of Wisconsin. Gateway's records do not reveal to whom the check was addressed; however, it was received and cashed by Gateway Ventures, Inc., and credited to the account for Citizens for Welch.

If you have any further questions, please don't hesitate to inquire of me.

Cordially,

HURLEY, BURISH & MILLIKEN, S.C.


Stephen P. Hurley

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Enc.

**Agreement Between
Gateway Ventures, Inc. and Citizens for Welch**

THIS AGREEMENT (hereinafter, Agreement) is made and entered into as of this 1st day of September, 2002 by and between **Gateway Ventures, Inc.**, 4201 N Oakland Ave, 2nd Floor, Shorewood, Wisconsin 53211 (hereinafter Gateway) and **Citizens for Welch**, P O Box 523, Red Granite, Wisconsin 54970 (hereinafter Committee)

- 1 Gateway agrees to perform and render fundraising development and political consulting services and assistance to the Committee in connection with its overall strategies for the state of Wisconsin
- 2 Gateway shall serve as consultant to the Committee for the period September 1, 2002 through September 31, 2003 As compensation for the services to be performed by Gateway under this Agreement, the Committee agrees to pay to Gateway the sum of thirty thousand dollars (\$30,000 00), payable as follows two thousand five hundred dollars (\$2,500 00) per month, billable on the first day of each month during the term hereof, commencing September 1, 2002 and continuing for twelve (12) consecutive months, the timing of the payments subject only to the over-riding needs of the Committee Under no circumstances shall the Committee fail to remit payment beyond September 31, 2003
- 3 If the Committee achieves certain mutually agreed upon political and fundraising goals, a bonus of up to twenty five thousand dollars (\$25,000 00) shall be paid to Gateway This bonus award shall be at the sole discretion of the Committee
- 4 Gateway shall prepare a monthly invoice which reflects any expenses incurred, e g travel, postage, telephone, etc and includes documentation supporting such expenses Any expenses which may exceed Two Hundred Dollars (\$200) per month shall be reimbursed only if preauthorized by the Committee prior to Gateway incurring such expense
- 5 The Committee agrees to provide all reasonable assistance to Gateway in furtherance of Gateway's efforts on behalf of the Committee Except as contemplated by terms hereof or as required by applicable law, Gateway shall keep confidential all material non-public information provided to it by the Committee, and shall not disclose such information to any third party, other than such of its employees and advisors as Gateway determines to have a need to know
- 6 After 3 months either party may elect to terminate this agreement at anytime with 30 days written notice In the event of such termination no subsequent monthly payments shall be due from the Committee to Gateway
- 7 Gateway agrees to perform its services under this agreement in accordance with its terms and any reasonable instructions that may from time to time be given to it by the

**Agreement Between
Gateway Ventures, Inc and Citizens for Welch**

Committee Gateway shall further perform its obligations hereunder in compliance with all applicable federal, state or local laws and regulations

8 Gateway is engaged as an independent contractor and shall not act or be deemed to be a partner, joint venturer or agent of the Committee for any purpose

9 This Agreement is not assignable by either party in any manner, by operation of law or otherwise without consent of the other party

10 The language contained herein shall be deemed as approved by both parties hereto and no rule of strict construction shall be applied against any party hereto

11 This Agreement is made pursuant to and shall be governed under and by the laws of the State of Wisconsin

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first written above

Gateway Ventures, Inc

Citizens for Welch

By _____
Phil Prange, President

By _____
Senator Robert T Welch

FROM :

05/19/04 10:47 FAX 608 257 5764

FAX NO. :
H. B. & M. S.C.

May. 19 2004 04:57AM P1
WVUZ

STATEMENT OF DESIGNATION OF COUNSEL

Please use one form for each respondent.

MUR 5446

NAME OF COUNSEL: Stephen P. Hurley

FIRM: Hurley, Burish & Milliken S.C.

ADDRESS: 301 N. Broom St.

Madison, WI 53703

TELEPHONE: (608) 257-0945

FAX: (608) 257-5764

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

PHILLIP H. PRANGE

Print Name

Ph-H. Prange

Date

Signature

Title

RESPONDENT'S NAME: PHIL PRANGE

ADDRESS: [REDACTED]

[REDACTED]

TELEPHONE: HOME [REDACTED]

BUSINESS [REDACTED]